

DRAFT BUDGET AND SUPPORTING DOCUMENTATION OF MARULENG MUNICIPALITY

TABLE OF CONTENTS

PART 1 – ANNUAL BUDGET

1.1 MAYORS REPORT	5
1.2 COUNCIL RESOLUTION	9
1.3 EXECUTIVE SUMMARY	10
1.4 OPERATION REVENUE FRAMEWORK	11
1.5 OPERATING EXPENDITURE FRAMEWORK	21
1.6 CAPITAL EXPENDITURE	23
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY	24

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS	34
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	38
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS....	41
2.4 OVERVIEW OF BUDGET RELATED-POLICIES.	51
2.5 OVERVIEW OF BUDGET ASSUMPTIONS..	53
2.6 OVERVIEW OF BUDGET FUNDING..	55
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS..	66
2.8 COUNCILLOR AND EMPLOYEE BENEFITS	68
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	71
2.10 ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS.	72
2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	72
2.12 CAPITAL EXPENDITURE DETAILS	72
2.13 LEGISLATION COMPLIANCE STATUS	72

2.14 OTHER SUPPORTING DOCUMENTS	73
2.15 TARIFF STRUCTURE	ANNEXURE A
2.16 MUNICIPAL MANAGER'S QUALITY CERTIFICATE.	ANNEXURE B
2.17 LOCKING STATEMENT	ANNEXURE C
2.18 SERVICE STANDARD	ANNEXURE D

List of Tables

Table 1 Consolidated Overview of the 2013/14 MTREF	10
Table 2 Summary of revenue classified by main revenue source	12
Table 3 Percentage growth in revenue by main revenue source	13
Table 4 Operating Transfers and Grant Receipts	14
Table 5 Proposed Water Tariffs	16
Table 6 Comparison between current sanitation charges and increases	17
Table 7 Comparison between current waste removal fees and increases	17
Table 8 Summary of operating expenditure by standard classification item	21
Table 9 2011/12 Medium-term capital budget per vote	23
Table 10 MBRR Table A1 - Budget Summary	24
Table 11 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)	25
Table 12 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	26
Table 13 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)	26
Table 14 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source	26
Table 15 MBRR Table A6 - Budgeted Financial Position	27
Table 16 MBRR Table A7 - Budgeted Cash Flow Statement	27
Table 17 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation	28
Table 18 MBRR Table A9 - Asset Management	28
Table 19 MBRR Table A10 - Basic Service Delivery Measurement	29
Table 20 IDP/ Budget Activity Schedule	35

Table 21 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	39
Table 22 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure	40
Table 23 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure	41
Table 24 MBRR Table SA7 - Measurable performance objectives	44
Table 25 MBRR Table SA8 - Performance indicators and benchmarks	47
Table 26 Credit rating outlook	53
Table 27 budget financial performance revenue and expenditure	55
Table 28 Breakdown of the operating revenue over the medium-term	55
Table 29 Proposed tariff increases over the medium-term	56
Table 30 MBRR SA15 – Detail Investment Information	57
Table 31 MBRR SA16 – Investment particulars by maturity	57
Table 32 Sources of capital revenue over the MTREF	58
Table 33 MBRR Table SA 18 - Capital transfers and grant receipts	58
Table 34 MBRR Table A7 - Budget cash flow statement	59
Table 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation	61
Table 36 MBRR SA10 – Funding compliance measurement	63
Table 37 MBRR SA19 - Expenditure on transfers and grant programmes	66
Table 38 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds	67
Table 39 MBRR SA22 - Summary of councilor and staff benefits	68
Table 40 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councilors/ senior managers	70
Table 41 MBRR SA24 – Summary of personnel numbers	71
Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure	71
Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)	71
Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)	71
Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)	71
Table 46 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)	71

Table 47 MBRR SA30 - Budgeted monthly cash flow	71
Table 48 MBRR SA 34a - Capital expenditure on new assets by asset class	72
Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class	72
Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class	72
Table 51 MBRR SA34d- Depreciation by assets classifications	72
Table 52 MBRR SA35 - Future financial implications of the capital budget	72
Table 53 MBRR SA36 - Detailed capital budget per municipal vote	72
Table 54 MBRR SA37 - Projects delayed from previous financial year	72

PART 1 – DRAFT BUDGET 2016/17

1.1 MAYOR'S SPEECH

In his budget speech to council on 23 March 2016, the mayor highlighted the following—

In a matter of three months we will bid farewell to our 2015/2016 financial year. Furthermore, later in the year we will also bid a final farewell to the current term of council, a term that will remain vivid in our minds for as long as the cords of memory shall lengthen.

It is, without a doubt, a term in which we were challenged to the very core by our own successes and constraints, by our own progress and setbacks.

A little here and a little there, as we pursued the Service Delivery and Budget Implementation Plans, we reflected on the challenges posed by our own situation and learned from them valuable lessons which made our budgetary planning for the financial years still ahead to rest on a more rock solid foundation.

We hope the next council and administration will be cautious, though, as they pursue the 2016/2017 medium-term plan, not to allow the means by which they do so to outdistance the end for which they will strive, to which the outgoing council dedicated the past 5 years, which is to affirm and re-affirm, to assert and re-assert our pride in the worth of our democratic institutions and free society. We reckon this is a tall moral order, but we trust that the incoming custodians of this institution will determine not to falter and fall short of it.

With the benefit of hindsight we have tried to assemble *a lean budget with rich possibilities* supported by realistic estimates and targets as opposed to the 'pie-in-the-sky' budgetary approach which, more often than not, ends up as the stuff of dreams and folklores.

Maruleng Municipality's budget, tabled before Council this day, is prudently informed by the needs profile and the confirmed resources of the municipality.

It endeavours to the best extent possible to uphold the national budget intentions laid down in the State of the Nation Address (SONA 216).

The key components of the multi-year budget are:

Human capital development

The budget provides an amount of R3,0M for critical posts necessary to give effect to operational and revenue generating activities: This is sharply pertinent in view of the municipality's current capacity and funding challenges.

The allocation for the training and development of councillors, officials and ward committees is R1.3M.

This is an increase of 13,0% on last year's budget, and will serve to further address the need to improve current skills, acquire new skills and support capacity enhancement initiatives for the incoming council in order to enable the municipal machinery to more effectively deal with the daunting challenges of service delivery improvement to all our communities.

An amount of R3,1M is estimated to be spent on this priority area over the next two years.

Based on current year budget performance, projected spending for the current financial year is R1,1M.

Investment in operating activities

The allocation for operating activities R114,1M, 4,1% of which is dedicated to programmes with social and community bias such as sports, arts & culture support, youth empowerment, HIV/ Aids – related initiatives and traditional authorities support.

The remainder of the allocation will be applied to address the needs relating to operational efficiency and administrative support.

The comparative budget for 2016/2017 was R112,7M while an amount of R249,4M is allocated for the next two years.

Based on current year budget performance to 29 February 2016, projected operational spending for 30 June 2016 is R17,4M.

Indigent support services

The budget sets aside R0,94M for indigent support in the form of free basic electricity.

The comparative allocation for the prior year is R0,90M; and to further reduce the basic services backlog, households earning incomes below the poverty line will benefit R2,1M from the allocations for the two outer years.

Based on current year budget performance to 28 February 2011, the budget for the current financial year will be fully utilised.

ICT infrastructure upgrade

The budget allocation is R1,8M.

This will address ICT related needs in line with the municipal ICT Master Plan (which includes upgrading, new acquisitions, replacements and enhancements as well as maintenance), as well as the operationalization of the traffic management system in the new Traffic offices.

The comparative figure for the prior year is R1,7M, while projected spending over the next two years is R3,9M.

The current year ICT budget is projected to be fully spent by 30 June 2016.

Capital investment

The amount allocated for infrastructure maintenance is R2,3M.

The budget will cater for maintenance of water, sanitation and road infrastructure in the CBD and township, excluding upgrade work which will be undertaken through capital programmes.

The prior year comparative figure is R2,1M while, on the other extreme, an amount of R5,0M will be injected into this priority area over the next two years.

An amount of R56,5M will be invested in capital projects and is allocated as follows:

LED Projects (R1,3M)

Roads, pavements & stormwater (R27,2M)

Community facilities (R21,4M)

The remainder of the capital budget will be channeled to other assets such as vehicles, plant and machinery as well as office furniture and equipment.

Capital investment will be increased by R121,4M over the medium term period.

The current spending trend on projects, weighted by interventions already being applied to accelerate project implementation progress, projects a budget underspend of spending of more than 90%, with 92% of the MIG grant already spent as at 29 February 2016. Projects likely to be affected by under-spending are own funded projects of the category referred to as “other assets” above.

Revenue –modelling 2016/2017

The income of R170,6 (*excluding projected non-cash movement*) which underpins our budget is based on sound revenue models and projections.

A municipal tariff structure for the range of services provided by the municipality has been put in place to ensure that the municipality achieves its target of R52,7M (**billed and charged**) own revenue.

The 2016/2017 tariff structure applies property rates in line with nationally gazetted levy rates.

All positively identified and confirmed revenue sources, including intergovernmental transfers, have been taken into account in arriving at the revenue estimates that constitute this budget funding envelope.

Conclusion,

With these allocations we aim to bring tangible changes to the lives of our people.

The State President, through the SONA, has drawn the line of march which we need to toe; and this budget is adding money to it.

Our cherished objectives are reducing poverty, creating jobs and creating a better life for all.

I am mindful that debilitating and grinding poverty still afflicts and chains the majority of our rural population.

I am mindful that serious service backlogs and lack of adequate infrastructure network are still issues to be addressed aggressively throughout our municipality.

The outgoing council has made a dent on the issues, but much remains to be done to create and lasting and sustainable legacy for generations to come.

After contemplation, I conclude that the advances as well as the setbacks of the dying financial year and council term cannot be the motivation for us to want to slacken and weaken our pace: Much is at stake and much is still to be done.

I am convinced that true democracy and under-development are antithetical concepts - they cannot co-exist, not among our people.

In this spirit, I therefore challenge us to make it the privilege and burden of all of us who consider ourselves bound to this municipality with loyalties and allegiances which are broader and deeper than our individualism and self-interests to support our service delivery and budget implementation processes.

Having regard to the foregoing facts, I would like to direct attention to the annual budget of the municipality, structured as follows—

A total funding envelope of R170,6M for the first budget year, to be channelled to spending as follows—

Capital spending budget of R56,5M.

Operational costs budget of R114,1M.

Further, note should be taken that special focus and general programmes for an amount of R4,7M are included in the operating budget.

1.2 COUNCIL RESOLUTIONS

On the 23rd of March 2016 Council of Maruleng Local Municipality met in the Council Chambers to adopt the draft annual budget of the municipality for the financial year 2015/16, council resolution number MM156/03/2016. The Council discussed the budget and the following resolutions were considered and taken in to consideration for public participation.

1. The Council of Maruleng Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and consider:
 - 1.1. The draft annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 11 on page 25;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 12 on page 26;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type as contained in Table 13 on page 26; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 14 on page 26

Maruleng Local Municipality 2016/17 draft budget and MTREF
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, Assets management and basic service delivery targets are approved as set out in the Following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 15 on page 27;
 - 1.2.2. Budgeted Cash Flows as contained in Table 16 on page 27
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 17 on page 28;
 - 1.2.4. Asset management as contained in Table 18 on page 28; and
 - 1.2.5. Basic service delivery measurement as contained in Table 19 on page 29.
2. The Council of Maruleng Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) noted and adopts with effect from 1 July 2016:
 - 2.1. The tariffs for property rates – as set out in Annexure A,
 - 2.2. The tariffs for solid waste services – as set out in Annexure A
3. The Council of Maruleng Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) noted and adopts with effect from 1 July 2016 the tariffs for other services, as set out in Annexure A .
4. To give proper effect to the municipality's draft annual budget, the Council of Maruleng Local Municipality noted:
 - 4.1. That cash backing is implemented through the utilization of a portion of the revenue generated from property rates to ensure that all capital reserves and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations

1.3. EXECUTIVE SUMMARY

The application of sound financial planning and financial management principles are very critical in achieving the Municipality's financial objectives

The following were the challenges experience during the compilation of the 2016/2017 MTREF

- The ongoing difficulties in the national and local economy
- Ageing and poorly maintained water and roads infrastructure
- The need to reprioritise projects and expenditure within the existing limited resource taking into account the current cash flow limitations
- Wage increases for municipal staff and need to fill critical vacancies

The following budget principles and guidelines directly informed the compilation of the 2016/2017 MTREF

- The 2015/16 Adjustments budget priorities and targets, as well as the base line allocations contained in that Adjustments were adopted as the upper limits for the new baselines for the 2016/2017 draft budget.
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;

The following table is a consolidated overview of the proposed 2016/2017 MTREF

Table 1 Consolidated Overview of the 2016/17 MTREF

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source									
Total Revenue (excluding capital transfers and contributions)	84 965	91 439	120 287	131 965	148 404	148 404	140 618	149 149	157 593
Total Expenditure	111 732	109 114	143 295	137 671	141 150	141 150	143 525	152 777	162 344
Transfers recognised - capital	27 421	27 869	34 830	35 684	30 311	30 311	25 418	27 377	28 763
Surplus/(Deficit) for the year	654	10 195	11 822	29 978	37 565	37 565	22 512	23 749	24 012

- Total operating revenue has decreased by 5.2 per cent or R7.7 million for the 2016/17 financial year when compared to the 2015/16 adjusted figures, some of the grants has been decreased e.g. Equitable shares, EPWP, and some of the grants were not granted for 2016/17 financial period which INEP and MSIG, therefore some of the expenditure items are affected by the budget constraints. For the two outer years, operational revenue increased by 6 percent 5.7 respectively. Total operating expenditure for the 2016/17 financial year has been appropriated at R143.5 million and translates into a budgeted surplus of 22.5 million, operational expenditure has grown to 152, 7 million and to 163, 2 million for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R27, 3 million and R28 million respectively. The municipality is running in to a surplus after taking in to consideration the non-cash items (depreciation and bad debts) which will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

1.4. OPERATING REVENUE FRAMEWORK

For Maruleng municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and

The following table is a summary of the 2016/17 MTREF (classified by main revenue source)

Table 2 Summary of revenue classified by main revenue source

R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source									
Property rates	11 306	12 594	29 369	18 922	29 367	29 367	31 587	33 546	35 525
Property rates - penalties & collection charges									
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–
Service charges - water revenue	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2 548	2 564	3 179	2 176	2 300	2 300	2 695	2 862	3 031
Service charges - other					–	–			
Rental of facilities and equipment	256	269	325	291	294	294	313	332	352
Interest earned - external investments	1 054	1 610	2 882	2 942	3 942	3 942	4 485	4 763	5 044
Interest earned - outstanding debtors	193	206		653	653	653	328	348	369
Dividends received					–	–			
Fines	234	221	771	308	308	308	316	336	355
Licences and permits	2 657	2 328	2 866	2 854	2 854	2 854	3 034	3 223	3 413
Agency services	1 086	1 952	1 387	1 547	2 800	2 800	2 197	2 333	2 470
Transfers recognised - operational	64 242	68 062	76 724	95 171	104 600	104 600	94 154	99 804	105 337
Other revenue	1 389	1 631	2 783	5 026	1 285	1 285	1 509	1 603	1 698
Gains on disposal of PPE				2 075					
Total Revenue (excluding capital transfers and contributions)	84 965	91 439	120 287	131 965	148 404	148 404	140 618	149 149	157 593

Table 3 Percentage growth in revenue by main revenue source

R thousand	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
<u>Revenue By Source</u>								
Property rates	29 367	20%	31 587	22%	33 546	22%	35 525	23%
Service charges - refuse revenue	2 300	2%	2 695	2%	2 862	2%	3 031	2%
Rental of facilities and equipment	294	0%	313	0%	332	0%	352	0%
Interest earned - external investments	3 942	3%	4 485	3%	4 763	3%	5 044	3%
Interest earned - outstanding debtors	653	0%	328	0%	348	0%	369	0%
Fines	308	0%	316	0%	336	0%	355	0%
Licences and permits	2 854	2%	3 034	2%	3 223	2%	3 413	2%
Agency services	2 800	2%	2 197	2%	2 333	2%	2 470	2%
Transfers recognised - operational	104 600	70%	94 154	67%	99 804	67%	105 337	67%
Other revenue	1 285	1%	1 509	1%	1 603	1%	1 698	1%
Total Revenue (excluding capital transfers and contributions)	148 404	100%	140 618	100%	149 149	100%	157 593	100%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms for 2016/17 is only 24 percentage of the revenue basket for the Municipality because the Municipality is mainly depending on grants.

In the 2016/17 financial year, revenue from rates and services charges totaled to R34, 2 million or 24 per cent when compared it to the total revenue. This increases the services to R36.4 million and R38.6 million in the respective of outer financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Apart from Transfers recognized – operational which is about 67 percentage of the total revenue mix, property rates is the largest own revenue source in 2016/17 financial period. The second largest own sources are interests on investment which is 3 percent of the total revenue. The other revenue consists of various items such as town planning fees, building plan fees, clearance certificates, rental sign boards, tender documents, etc. contained 2 percent when compared to total revenue. Municipality has been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R94.1 million in the 2016/17 financial year and steadily increases to R99.8 million by 2017/18 and 105, 3 million respectively. Note that the year-on-year growth for the 2016/17 and 2018/19 financial year are 67 per cent for three outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:									
<u>Operating Transfers and Grants</u>									
National Government:	64 159	68 042	77 054	104 045	104 600	104 600	94 154	99 804	105 337
Local Government Equitable Share	53 513	60 742	71 904	92 441	92 441	92 441	91 329	97 904	103 437
Finance Management	1 585	1 671	1 800	1 800	1 800	1 800	1 825	1 900	1 900
Municipal Systems Improvement	1 071	664	934	930	930	930			
Integrated National Electrification Programme	1 895	3 105		7 000	7 000	7 000			
EPWP Incentive	1 366	1 323	1 316	1 038	1 038	1 038	1 000		
Other transfers/grants [insert description]	4 728	536	1 100	836	1 391	1 391			
District Municipality:	83	21	–	–	–	–	–	–	–
<i>mopani</i>	83	21							
Total Operating Transfers and Grants	64 242	68 062	77 054	104 045	104 600	104 600	94 154	99 804	105 337
<u>Capital Transfers and Grants</u>									
National Government:	27 421	27 869	25 309	25 830	30 311	30 311	25 419	27 377	28 763
Municipal Infrastructure Grant (MIG)	27 421	27 869	25 309	25 830	30 311	30 311	25 419	27 377	28 763
Total Capital Transfers and Grants	27 421	27 869	25 309	25 830	30 311	30 311	25 419	27 377	28 763
TOTAL RECEIPTS OF TRANSFERS & GRANTS	91 662	95 932	102 363	129 875	134 911	134 911	119 573	127 181	134 100

Tariff-setting is a fundamental and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

Maruleng municipality has made changes on the tariff structure or revenue forgone based on the circular 79 of the MFMA. National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Maruleng Municipality has justified the budget in an excess of the 6.6 per cent.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of employee related costs, bulk purchases of electricity , petrol, diesel ,electricity, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows

1.4.1. Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 73:1 the implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further 45% of the reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 65 per cent rebate will be granted on residential properties (including state owned residential properties but excluding sectional title scheme and residential properties in non private estate);
- 100 per cent rebate will be granted to residential properties in rural, informal settlement and registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.
- The Municipality does not have special rating; one levying rate is applied for all categories. The current levying rate is 0.0114 for 2014/2015

1.4.2. Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with Municipality, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective.

Maruleng Municipality is not a water authority in terms of the Act but rendering the service on behalf of the District. The Municipality receives bulk water from the Department of Public Works.

A tariff increase of 6.6 per cent from 1 July 2016 for water is proposed. This is based on the increase in the cost of other inputs.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

CATEGORY	CURRENT TARRIFF 2015/16	PROPOSED TARRIFF 2016/17
	Rand per kl	Rand per kl
RESIDENTIAL		
Water basic per household p/m	6.70	7.20
Water consumption p/kl	5.00	5.40
Business		
Water basic per household p/m	11.30	12.10
Water consumption p/kl	11.00	11.80

1.4.3. Sanitation and Impact of Tariff Increases

A tariff increase of 6.6 per cent for sanitation from 1 July 2016 is proposed. This is based on the input cost assumptions related to water

Table 6 Comparison between current and proposed sanitation charges

CATEGORY	CURRENT TARRIFF 2015/16	PROPOSED TARRIFF 2016/17
	Rand per kl	Rand per kl
RESIDENTIAL		
Sewerage per dwelling p/m	56.20	59.90
NON RESIDENTIAL		
Sewerage per dwelling p/m	53.00	56.50

1.4.4. Waste Removal and Impact of Tariff Increases

The Municipality has a contract for waste removal for businesses and also have employees who collect refuse for residential areas.

The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The Municipality's landfill site is situated 55 km outside the collection areas. The 6.6 per cent increase in the waste removal tariff is proposed from 1 July 2016. Higher increases will not be viable in 2016/17 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services.

The following table compares current and proposed amounts payable from 1 July 2016

Table 7 Comparison between current and proposed waste removal fees

	CURRENT 2015/16	PROPOSED 2016/17
	WASTE REMOVAL	WASTE REMOVAL
Tariff per container per month or part of a month:	Per month (R)	Per month (R)
Cages per pick-up		
Half containers	247.50	263.90
Large	300	319.80
PUBLIC WORKS		
Domestics	77.90	83.10
Messes & Base	515.00	550.00
RESIDENTIAL		
Refuse collection per unit	48.20	51.40
Refuse coupons per bakkie	150.00	160.00
Garden refuse and rubles - Full load	450.00	479.80

TARRIF STRUCTURE 2016/17

Maruleng Local Municipality has increased charges payable for Services and all Billing by 6.6% in line the Municipal Budget Circular no 79 for the 2016/2017 Medium Term Revenue and Expenditure Framework(MTREF) with effect from *1 July 2016*.

1. APPLICABLE FEES TO REVENUE ON SERVICES AND RATES

	2016 FY <u>2015/16 Tariffs</u> 5.4%	2017 FY <u>2016/17 Tariffs</u> 6.6%	2018 FY <u>2017/18 Tariffs</u> 6.2%	2019 FY <u>2018/19Tariff</u> 5.9%
a) <u>SERVICES RESIDENTIAL</u>				
Water Basic	6.70	7.20	7.60	8.20
Water Cons P/KL	5.00	5.40	5.80	6.20
Sewerage	56.20	59.90	60.10	63.70
Refuse	48.20	51.40	54.60	57.90
Refuse Coupons per bakkie load	150.00	160.00	170.00	180.10
Sundry removal Full Load	450.00	479.80	509.60	539.70
(Garden Refuse)				
<u>Refuse Collection for Department of Public Works</u>				
Refuse collection Domestics	77.90	83.10	88.30	88.30
Refuse removal Messes & Base	515.00	550.00	584.10	618.60
b) <u>SERVICES BUSINESS</u>				
Water Basic	11.30	12.10	12.90	13.70
Water Cons P/KL	11.00	11.80	12.60	13.40
Sewerage	58.10	62.00	65.90	69.80
Refuse Collection P/unit	53.00	56.50	60.00	63.60
Section Title (SS)	91.86	98.00	104.10	110.30
<u>Refuse Collection Cages per Pick-Up</u>				
Small	220.00	235.00	249.60	264.40
Medium	260.00	277.20	294.40	311.80
Half Containers (Gage)	247.50	263.90	280.30	296.90
Large	300.00	319.80	339.70	359.80
<u>CONTAINERS</u>				
Refuse collection Bin per week	495.50	528.50	561.30	594.50
(Rate per Collection)				

- **APPLICATION FOR CLEARANCE CERTIFICATES**

Residential Certificate Fee	135.00	150.00	159.30	168.70
Farms Certificate Fee	330.00	360.00	382.40	405.00

(Clearance Costing is subjected to 5 months Prop rata Calculations)

- **RENTALS**

SUBJECTED TO 10 % INCREASE

Community Hall	550.00	590.00	650.00	690.00
(Deposit of R650 is payable)				
Community Hall for Church	300.00	330.00	350.00	360.00
Weddings	1230.00	1400.00	1540.00	1550.00
(Deposit of R650 is payable)				
Hiring of Council Chamber	420.00	430.00	440.00	450.00
(Per Day) Deposit R650.00				
Other Activities	610.00	675.00	750.00	760.00
(IEC, GOV DEPT) Per day				
R330.00 Dep is payable				
Rental of Offices Space	120.00	135.00	150.00	160.00
(P/sqm) Deposit as prescribed in the SLA is payable				
Offices at Thusong Center	Subjected to lease agreements entered			

STADIUM

Festivals

Hiring Per Day	1400.00
Deposit	1070.00

Religious, Cultural and NGO

Hiring Per Day	600.00
Deposit	650.00

Schools Events (Games)

Hiring Per Day	900.00
Deposit	650.00

e) **WATER CONNECTIONS**

20 Mm	Deposit	540.00	580.00	620.00	660.00
	Connection Fee	1110.00	1200.00	1280.00	1360.00
50 Mm	Deposit	755.00	810.00	850.00	870.00
	Connection fee	2860.00	3050.00	3070.00	3090.0
100 Mm	Deposit	1060.00	1130.00	1190.00	1210.00

Connection fee	7770.00	8290.00	8320.00	8350.00
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f) **PROPERTY RATES**

- Refer to Rates Policy for Different Ratio on Property Descriptions
- Properties are billed on Land Use not Zoning

g) **LIBRARY FEES**

New Registration per Year	50.00	60.00	70.00	80.00
Pensioners	40.00	50.00	60.00	70.00
Late Submitting	2.00	10.00	20.00	30.00

(Per book per day)

Loss of Book

Depend on a price for lost book

h) **TRAFFICE FINES**

Will be subjected to Criminal Procedure Act and Magistrate Tariffs

OTHER FEES/PENALTIES

Water reconnection fee	700.00	800.00	900.00
1000.00			

(Part 4 of the Debt collection policy)

Illegal Connections	4000.00	4500.00	5000.00
5500.00			

(Part 6 of the Debt collection policy)

Dishoured cheques (RD)	120.00	130.00	140.00
150.00			

Notice of defaulters per letter	65.00	75.00	100.00
120.00			

Duplicate statement fee	65.00	80.00	90.00
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(Fee will be debited on consumers account)

Penalty for wrong information for payment	20.00	30.00	40.00
50.00			

(When people use incorrect reference when paying – tracing fee with bank – will be debited back to the consumer's account)

INDIGENT HOUSEHOLDS

Registered Indigents household qualifies for the following:

- ✓ 6 kl free water per month
- ✓ 50% discount on services
- ✓ 100 % rebate on property rates

1.5. OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no budget no spending.
- The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Table 8: Summary of operating expenditure by standard classification item

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Expenditure By Type</u>									
Employee related costs	33 544	30 705	38 899	47 479	49 019	49 019	50 489	54 300	58 046
Remuneration of councillors	7 359	7 665	7 805	10 866	9 542	9 542	9 832	10 115	10 722
Debt impairment	3 032	2 827	31 021	3 700	3 700	3 700	1 028	1 091	1 156
Depreciation & asset impairment	24 060	28 284	28 846	33 000	29 000	29 000	33 080	35 131	37 204
Finance charges	65	86	8	228	70	70	74	79	84
Bulk purchases	605	813	564	–	900	900	940	998	1 057
Other materials	1 271	1 297	1 703	2 762	2 147	2 147	3 374	3 584	3 795
Contracted services	5 222	5 614	6 819	7 238	7 538	7 538	8 244	8 755	9 272
Transfers and grants	–	–	–	–	–	–	–	–	–
Other expenditure	19 990	20 790	26 652	32 397	39 232	39 232	36 134	38 374	40 639
Loss on disposal of PPE	16 583	11 033	976				328	349	369
Total Expenditure	111 732	109 114	143 295	137 671	141 150	141 150	143 525	152 777	162 344

The budgeted allocation for employee related costs for the 2016/17 financial year totals R50.4 million, which equals 35 per cent of the total operating expenditure. The CPI for 2016/17 which is 6.6 has been taken in to consideration; the municipality has provided an increase of salaries and wages for 2016/17. The South African Local Government Bargaining Council recently entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent • 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent • 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The Municipality has taken into consideration for vacant and critical positions and therefore made a provision for them. The budget has been made for critical positions like Directors (Corporate service) and other vacant positions.

A preliminary amount of R50.4 million for employee related costs has been included in the 2016/17 MTREF. It should be noted that the total financial implication could not be determined as the applicable municipal wage curve (representing equal pay for equal work at all municipalities in South Africa) has not been finalized.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate and the Debt Write-off Policy of the Municipality. For the 2016/17 financial year this amount equates to R1 million and escalates to R1.1 million by 2018/19. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption.

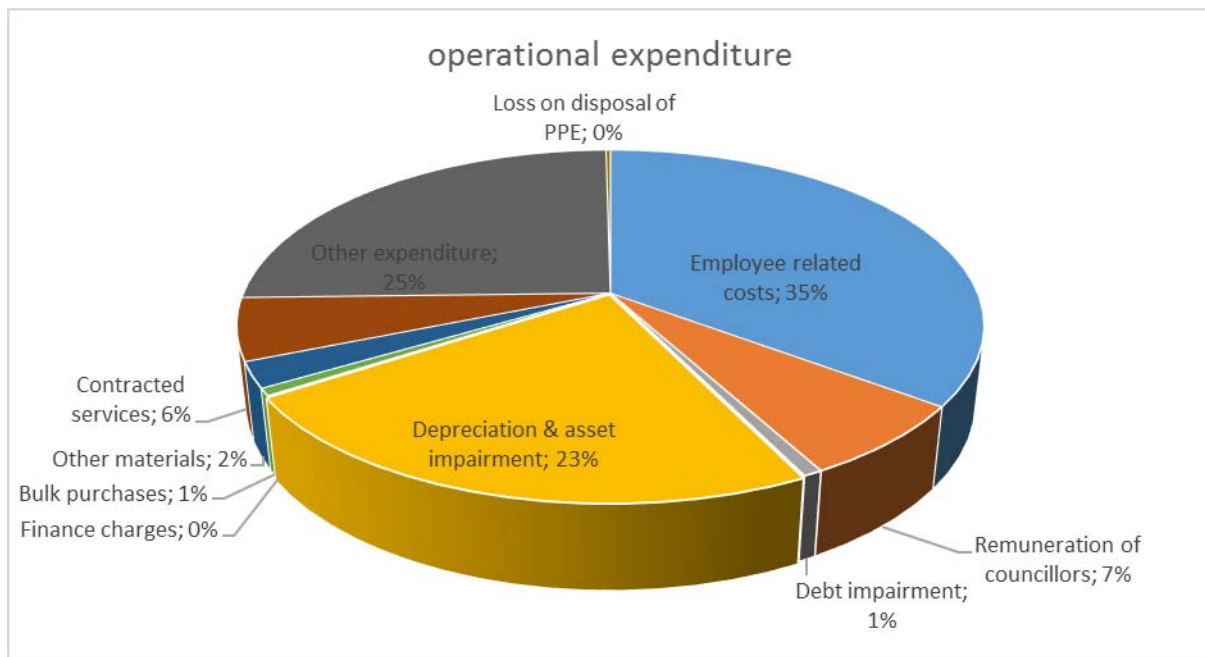
Bulk purchases are directly informed by free basic electricity. The indigents register has been updated and the price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures exclude distribution losses.

Other material comprises of amongst others the materials for maintenance and cleaning materials and printing and stationery. For 2016/17 the appropriation for this group of expenditure totals R 3.3 million and equates 2.4 per cent of the total operating expenditure. The repairs and maintenance are done in house. The budget for repairs and maintenance are therefore be used for the purchasing of the materials.

Contracted services have been identified to render service on behalf of or to the Municipality. In the 2016/17 financial year budget for contracted services comprises of 8.2 million which was indirectly related to the rendering of refuse removal and security services. This group of expenditure has escalated to 8.7 or 9.2 million for the two outer years which 2017/18 and 2018/19. This major increase was caused by an increase in the number of points where security services is needed and the distance between the landfill site and the municipal collection points.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The total other expenditure for 2016/17 is 36.1 million and escalated to 38.3 and 40.6 million for the two outer years.

Table 9 the following table gives a breakdown of the main expenditure categories for the 2016/17 financial year.



1.6. CAPITAL EXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by vote:

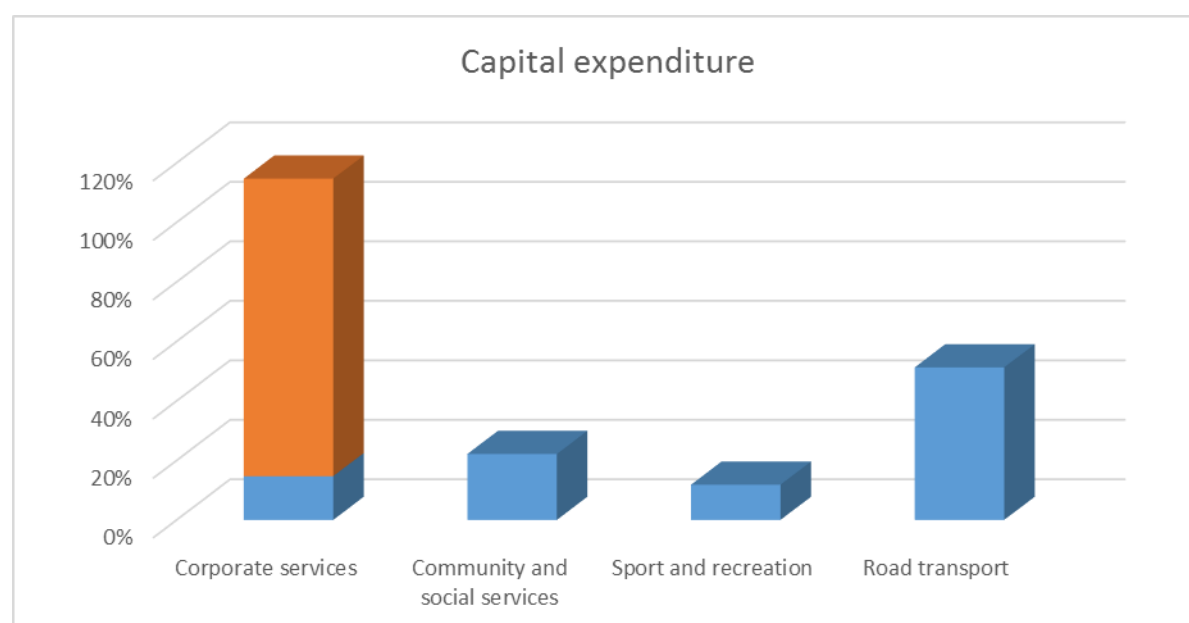
Table 09: 2016/17 Medium-term capital budget per vote

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard									
Corporate services	5 207	3 678	5 811	10 390	9 240	9 240	8 316	5 285	4 979
Community and social services	508	847	5 500	5 690	13 019	13 019	12 532	1 000	1 000
Sport and recreation	2 447	7 606	4 575	11 500	15 028	15 028	6 700	8 000	5 563
Public safety				185	185	185			
Road transport	15 819	4 880	24 235	30 097	38 054	38 054	28 986	45 877	37 500
Electricity	1 663	2 555		7 000	7 000	7 000			
Waste water management	9 042	3 056							
Total Capital Expenditure - Standard	34 685	22 622	40 121	64 862	82 526	82 526	56 534	60 162	49 042

For 2016/17 an amount of R28.9 million has been appropriated for the development of Roads Transport which represents 51.3 per cent of the total capital budget. In the outer years this amount totals 45.8 million, 76 per cent and R37.5 million, 76 per cent respectively for each of the financial years. Transport and roads receives the highest allocation for the year ended 2016 followed by

community and social services with an amount of 12.5 million which is 22 percent of total capital expenditure

The following graph provide a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF



1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

See annexure copies of Annual budget which represents the ten main budget tables (Table A1 to Table A10) as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council.

- **Table 10 – Budget Summary**

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - I. Transfers recognized are reflected on the Financial Performance Budget;
 - II. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. There is progressive improvement in the level of cash-backing of obligations.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

- **Table 11 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. The Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4. The total revenue on the Table A4 separated the transfer recognized capital as single item.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. Table 2 shows the surplus of R22.5 million for 2016/17 financial periods, this prove that the municipality follows section 18 of the MFMA. The municipality shows a surplus for all perspective years.

- **Table 12 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

- **Table 13 - Budgeted Financial Performance (revenue and expenditure)**
Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue excluding capital transfer and contributions is R140.6 million in 2016/17 and plummets to R149.1 million and R157.5 million for each of the respective years of the MTREF. This shows decrease of 5.2 per cent for the 2016/17 financial year and increase to 5.7 percent and 5, 6 percent for each of the respective years.
2. Revenue to be generated from property rates is R31.5 million in the 2016/17 financial year and increases to R35.5 million by 2017/18 which represents 22.5 per cent of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6.6 per cent, 6.2 per cent and 5.9 per cent for each of the respective financial years of the MTREF.
3. Other revenue like town planning fees, building plans, clearance certificates, etc constitutes 1 percent of the total operating revenue. For 2016/17 financial period. Other revenue has an amount of 1.5 million, and 1.6 million for the two outer's years. Transfers recognized – operating includes the local government equitable share and other operating grants from national government. The grants receipts from national government are declining rapidly over the MTREF by 10.4 million for 2016/17 and increased by 5.6 million and 5.5 million for the two outer years when compared to the operating grants for previous years.
4. Bulk purchases have significantly increased over the 2016/17 to 2018/19 period escalating from R940 k to R1 M.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality

- **Table 14 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2016/17 R9.9 million has been allocated for capital expenditure for single year capital expenditure 46.6 million has been allocated for multiyear capital expenditure
3. The capital programme is funded from National and provincial grants and transfers and internally generated funds from current year surpluses. For 2016/17 capital funds transfers by national government is R25.4 and own funding amount to R31.1 million.

- **Table 15 - Budgeted Financial Position**
Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes SA3 which providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions noncurrent;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 16 - Budgeted Cash Flow Statement

- **Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

3. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals R61 million as at the end of the 2016/17 financial year and escalates to R61.7 and R75 million for the two outers years. The cash flow statement shows the positive movement from 2012/13 to 2018/19

Table 17 - Cash Backed Reserves/Accumulated Surplus Reconciliation

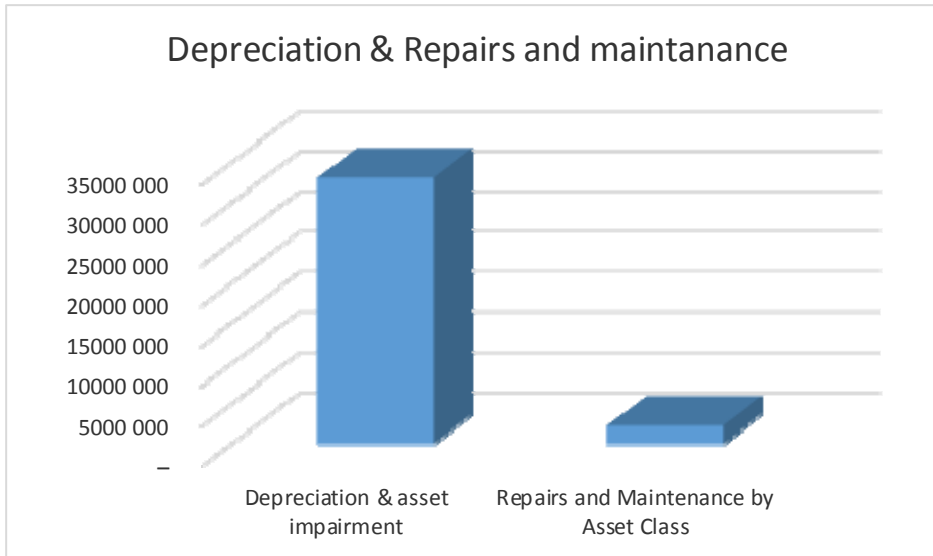
- **Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality shows the positive movement for all the years.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be shown that municipality has funded all the projects by having the positive cash
6. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

- **Table 18- Asset Management**

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The repairs and maintenance for Maruleng Municipality are done In house.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog



- Table 19 - Basic Service Delivery Measurement**
Explanatory notes to Table A10 - Basic Service Delivery Measurement (see attached document)

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Background

Section 152 subsection c of Act 108 of 1996 indicates that municipalities must “ensure the provision of services to communities in a sustainable manner”. The success of local economic development is tied to the provision of basic and other types of infrastructure to the people. All services under analysis in this section are located in a specific locality (as per SDF) and have potential to boost socio-economic development. Infrastructure analysis focuses on the status quo regarding water supply, sanitation facilities, energy and housing provision, roads and public transport, waste management and telecommunications – all of which underpins socio-economic development and determines people’s quality of life. The provision of adequate municipal infrastructure remains a challenge throughout the municipality.

3.4.1. Water and Sanitation Provision

Mopani District Municipality is the Water Service Authority (WSA) and the municipality is the Water Service Provider (WSA). Mopani district municipality is responsible for bulk water supply and sanitation infrastructure. The municipality provides these services in terms of the service level agreement it has with the district municipality.

3.4.1.1 Water analysis

The Maruleng municipality is characterized by low rainfall. This results in limited water resources culminating in severe water shortages and drought condition. There is stiff competition amongst different water users. Water for domestic purpose becomes crucial.

However, great strides have been made in providing water in the municipality. About 16 662 households which amount to 68% of the population have access to water in terms of RDP standard. However, it must be noted that only 6.8% of the population have access to portable water.

Table 10: depicts access of water in terms of distance

TYPE	NUMBER OF HOUSEHOLDS
Piped (tap) water inside dwelling	2 669
Piped (tap) water inside yard	9006
Piped (tap) water on communal stand: distance less than 200m from dwelling	4 987
Piped (tap) water on communal stand: distance between 200m and 500m from dwelling	2 088
Piped (tap) water on communal stand :between 500m and 1000m (1km) from dwelling	1 067
Piped (tap) water on communal stand: distance greater than 1km from dwelling	285
No access to piped (tap) water	4368

(Source: census 2011)

3.4.1.1.1. Water Sources

The Mametja-Sekororo Regional Water Scheme that will supply the entire municipality will rely on the Blyde River which as enough water as water source. Most of our villages rely on poorly surveyed ground water. Most of the boreholes are often not well maintained. Villages that are under the mountains rely on water from the mountains. Other villages rely on the water supply by the municipality through water tankers.

SOURCE	NUMBER OF HOUSEHOLDS
Regional/local water scheme (operated by the municipality or other water service provider)	8209
Borehole	4 427
Spring	223
Rain water tank	211
Dam/pool/stagnant water	2 777
River/stream	6 924
Water vendor	881

(Source: census 2011)

3.4.1.2 Sanitation

The municipality through Mopani District Municipality has made a major stride regarding provision of sanitation. About 22 983 households which account to 93.9 of the population have access to basic sanitation..

Table 11: depicts percentage distribution of households by type of toilet facility as of 2011.

Type of toilet facility	Census 2001	Census 2011
Flush toilet(sewerage system)	8.8	2001
Flush toilet (septic tank)	2.9	1088
Chemical toilet	1.1	102
Pit latrine with ventilation	8.3	7 335
Pit latrine without ventilation	40.8	12 240
None	38,2	1 487
Total	100	100

Census 2011

3.4.1.3 Water and sanitation backlog

Water backlog in terms the RDP standard is at 7 808 households (32%) while sanitation is about 1 487 (6.1%) households

3.4.1.4 Water and sanitation challenges

- The main challenge is bulk water supply but Mopani District Municipality which is the WSA is currently constructing water purification plant in The Oaks which will cater almost all villages and major developments
- Ageing water and sanitation infrastructure (Hoedspruit and Kampersus)
- Over-reliance on boreholes
- Illegal connections, theft and vandalism
- Inadequate funding
- Water rights and allocation
- Quality of drinking water

3.4.1.5 Free Basic Water and Free Basic Sanitation

The municipality gives 6KL of free basic water to all household with piped water.

Free Basic Services

SERVICE	NO. INDIGENT HOUSEHOLDS	ACCESS	BACKLOG
Water	3700	2 405	1 295
Sanitation	3700	3 213	1 487
Electricity	3700	1 739	1 961
Refuse Removal	3700	0	3 700

3.4.2 Energy and Electricity.

Energy distribution has important economic developmental implications with a potential to make considerable impact. This impact relates to improved living conditions, increased productivity and greater sustainability of the environment. In the municipality electricity is largely generated by Eskom. The provision of electricity to house has been achieved to the larger extent. About 22 167

households have access to electricity which amount to 90.5% of the population. All villages are electrified except post connections and new extensions. The backlog is about 2 303 (9.5%) households. However, ESKOM is currently completing 511 units and the municipality is electrifying 400 units through INEP grant.

Table 12: depicts: Electricity Usage

Usage	No. Households
Cooking	7 299
Heating	6 431
Lighting	22 166

(Census 2011)

In the mean electricity is used for lighting. About 16 575 (67.7%) households use wood for cooking. The usage of wood as a source of energy is a worrying factor as it is harmful to the environment. The Municipality and the Department of Environmental Affairs need to conduct educational awareness campaigns against this practice.

3.4.2.1 Free Basic Electricity

The municipality has budget R 631, 800 for the provision of FBE to its 3700 indigent households. Only 1739 indigent households have access to free basic electricity due to the snail-pace of ESKOM in configuration of the register. However, the municipality is currently the indigent register

3.4.2.2 Indigent Register

The municipality has an adopted indigent policy and register. This register facilitates the provision of free basic services. The municipality has budgeted R631, 800 for free basic services for the year 2013/14. The updated indigent register has about 3700 households as beneficiaries.

3.4.4 Waste Management

3.4.4.1. Refuse removal.

The municipality provides waste collection services in three urbanized areas: Hoedspruit, Kampersrus for a total of 1666 households and it accounts to about 6.8% of households. In both commercial and residential areas collection takes place once a week. No refuse removal is provided to the 33 villages. These households rely mostly on backyard dumping and burning. Maruleng has outsourced collection and transportation. The municipality is planning to roll-out waste collections to all villages.

3.4.4.2 Waste disposal.

The municipality has one licensed land fill in Worcester area.

Table 15: depicts percentage distribution of households by type of refuse disposal

Type of refuse removal	Census 2001	Census 2011
Removed by local municipality/private company at least once a week	-	1 434

Removed by local municipality/private company less often	-	232
Communal refuse dump	275	250
Own refuse dump	14 692	19 410
No rubbish disposal	3 678	2 828
Other	-	315
Total	19 668	24 470

Census 2011

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship for Finance Portfolio.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

2.1.1 BUDGET PROCESS OVERVIEW

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 30 August 2015. Key dates applicable to the process were:

Table below shows the phases/stages of the IDP process and activities entailed for the Review of 2015/16 IDP.

Institutional Arrangements to Drive IDP Process

The following table portrays the structures/stakeholders, composition, and their roles and responsibilities in respect of the Integrated Development Planning Process in the Maruleng Local Municipality.

TABLE 20: IDP Structures, roles and responsibilities

STRUCTURE/STAKEHOLDER	COMPOSITION	ROLES AND RESPONSIBILITIES
Executive Committee	Mayor, Portfolio chairpersons and members of the management Committee	Mayor chairs IDP Forum meetings EXCO decides on the Process Plan and makes recommendations to Council
Council	All Councillors	Approves the Process Plan and IDP
Municipal Manager	Municipal Manager	Oversees the whole process and takes responsibility therefore
IDP/PMS Manager	IDP/PMS Manager	Managing the IDP Process on a daily basis
Secretariat	Provided by the office of the Municipal Manager	Record proceedings at IDP meetings Issue invites for all IDP meetings Distribute minutes and reports to all stakeholders
IDP Steering(Technical) Committee	Municipal Manager IDP/PMS Manager Section 57 Managers Sectional Heads Communication Officer	Provide technical expertise and support Ensure that the annual municipal budget and business plans are linked to and based on the ID
IDP Representative Forum	Mayor Executive Committee Members Councillors IDP Steering Committee Traditional Leaders Ward Committees	Represent interest of their constituents in the IDP process Provide organizational mechanism for discussion, negotiation and decision making amongst stakeholders Monitor the performance of the planning and implementation process

	Representative of Organised Groups Sector Departments and Parastatals Mopani district municipality	
Ward Councillors and Ward Committees	All Ward Councillors	Link the planning process to their wards Assist in the organizing of public consultation and participation

IDP Process Overview: Steps and Events

The IDP Process Plan was approved by the Maruleng Municipal Council on 29 May 2015.

The activities that transpired during Maruleng Municipal IDP review are presented in Table 2:

Process Overview: steps and events

DATE	STRUCTURE	PURPOSE/ACTIVITY
27 May 2015	IDP Steering Committee	Development of the Process Plan
28 May 2015	IDP Representative Forum	Presentation of Process Plan
29 May 2015	Council	Adoption of the Process Plan
16 October 2015	IDP Steering Committee	Preparation of the Analysis Phase
19 October 2015	IDP Representative Forum	Presentation of the Analysis Phase
11 December 2015	Council	Adoption of the Analysis Phase
18-20th November 2015	Councillors, Management, Sectional Heads, Mopani District Municipality, Sector Departments, OTP and Traditional Leaders	Strategic Planning Session
21 January 2016	IDP Representative Forum	Strategy Phase
25 January 2016	Council	Adoption of Strategy Phase
22 March 2016	IDP Representative Forum	Project Phase

23 March 2016	Council	Adoption of Draft IDP and Budget
14-21 April 2016	Community Members	IDP/Budget/PMS Public Participation
	IDP Representative Forum	Final IDP/Budget
29 April 2016	Council	Adoption of IDP/Budget and PMS Framework

Basis for IDP Review Process

The preparation and review of the IDP is a continuous process providing a framework for all development planning in the municipality. As such the IDP is not only annually assessed in terms of delivery and the prevailing conditions in the municipality, but also improved upon each and every year. The following aspects informed the 2016/2021 IDP Review process:

- Updating baseline information to ensure sound decision-making in addressing service delivery gaps; Meeting the national targets in terms of service provisioning;
- National Development Plan (government blue print)
- Responding to key issues raised in the 2015 State of the Nation and Provincial Addresses focusing on “job creation through massive infrastructure development”.
- Aligning Sector Departments’ strategic plans to the municipality service delivery programmes;
- Strengthening focused Community and stakeholder participation in the IDP processes;
- Meeting targets in terms of the KPAs of the local government strategic agenda;
- Responding to the Community priorities for 2016/17.
- Responding to issues raised during the municipality Assessment (SWOT);
- Updating and developing pending sector plans and programmes of the IDP
- Revising the vision, mission, objectives, strategies, programmes and projects; and
- National Key Priority Areas and the National Outcomes

2.2 OVERVIEW OF THE ALIGNMENT OF ANNUAL BUDGET WITH IDP

PUBLIC PARTICIPATION

One of the main features about the integrated development planning process is the involvement of community and stakeholder organizations in the process. Participation of the affected and interested parties ensures that the IDP addresses the real issues that are experienced by the citizens of the municipality. The municipality will therefore:

- Conduct stakeholder identification exercise
- Ensure that the IDP representative Forum is the core structure that will provide direct representation of stakeholders in driving the IDP process
- Ensure that every phase of the planning process should allow public debates, recommendations and/or decisions that will guide the Council in its independent decision-making platform
- Arrange IDP meetings at a convenient venue and time
- Ensure participation of marginalized groupings

MONITORING AND EVALUATION OF THE PROCESS PLAN

Maruleng Local Municipality will be responsible for monitoring its own IDP/Budget Process Plan and ensure that is being followed as approved. The municipal IDP office must check and report compliance to intergovernmental structures and the District municipality for support interventions. This process will also be linked to the SDBIP reporting cycle as adopted by the Ma

2.2. MONITORING AND EVALUATION OF THE PROCESS PLAN

Maruleng Local Municipality will be responsible for monitoring its own IDP/Budget Process Plan and ensure that is being followed as approved. The municipal IDP office must check and report compliance to intergovernmental structures and the District municipality for support interventions. This process will also be linked to the SDBIP reporting cycle as adopted by the Mayor.

The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure

2.3 COMMUNITY CONSULTATION

The draft Annual IDP/Budget 2016/17 MTREF as tabled before Council on 23 March 2016 for community consultation was published on the municipality's website, and hard copies were made available municipal notice boards, local shops and various libraries. E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based

organisations and organised business. The opportunity to give electronic feedback was also communicated on the local newspaper and the municipal 's website. The public participation will be held on the 14 to 21 April 2016 for the community inputs and comments.

Table 21 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Municipal Transformation and organisational development	Create and informed community and Develop and retain skilled and capacitated workforce	16 222	15 672	20 605	75	75	75	53	56	60
Basic Service delivery	Improve community wellbeing and resource manage infrastructure and service for access and mobility	38 107	43 580	37 202	33 666	41 666	41 666	25 418	27 377	28 763
LED	Grow the economy and halve unemployment and develop partnership	1 738	1 158	1 959	1 038	1 038	1 038	1 000	–	
Municipal Financial Viability and Management	Become financially viable	55 247	49 191	94 417	128 847	131 911	131 911	138 930	148 418	156 819
Good Governance and Public Participation	Effective and efficient organisation	1 071	9 709	934	4 024	4 024	4 024	635	675	714
Allocations to other priorities										
Gains on disposal of PPE		112 386	119 308	155 117	167 649	178 714	178 714	166 036	176 526	186 356

Table 22: Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Municipal Transformation and organisational development	Create,inform community and Develop retain skilled capacitated workforce	1 987	53 457	1 829	2 730	2 730	2 730	7 788	8 271	8 759
Basic Service delivery	Improve community wellbeing and resource manage infrastructure and service for access and mobility	21 636	17 044	13 473	16 497	16 497	16 497	10 524	11 177	11 836
LED	Grow the economy and halve unemployment and develop partnership	840	1 000	16 475	5 135	5 135	5 135	2 459	2 611	2 765
Municipal Financial Vialibility and Management	Become financially viable	84 245	31 057	109 934	105 544	109 023	109 023	115 684	123 210	131 033
Good Governance and Public Participation	Effective and efficient organisation	3 024	6 556	1 585	7 765	7 765	7 765	7 069	7 507	7 950
Loss on disposal of PPE		111 732	109 114	143 295	137 671	141 150	141 150	143 525	152 777	162 344

Table 23 Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Municipal Transformation and organisational development	Create,inform community and Develop retain skilled capacitated workforce	152	6 085	2 100	110	110	110	3 000	3 200	3 300
Basic Service delivery	Improve community wellbeing and resource manage infrastructure and service for access and mobility	29 325	11 556	30 365	51 172	68 836	68 836	46 283	51 002	40 049
LED	Grow the economy and halve unemployment and develop partnership		850	400	7 000	7 000	7 000	1 000	–	
Municipal Financial Viability and Management	Become financially viable	3 540	2 833	5 821	4 460	4 460	4 460	5 616	5 285	4 979
Good Governance and Public Participation	Effective and efficient organisation	1 667	1 297	1 435	2 120	2 120	2 120	635	675	714
Total Capital Expenditure		34 685	22 622	40 121	64 862	82 526	82 526	56 534	60 162	49 042

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds.

The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

Reporting in the monitoring process also involves giving feedback about the progress of the project to the donors, implementers and beneficiaries of the project.

The planning, budgeting and reporting cycle can be graphically illustrated as follows:

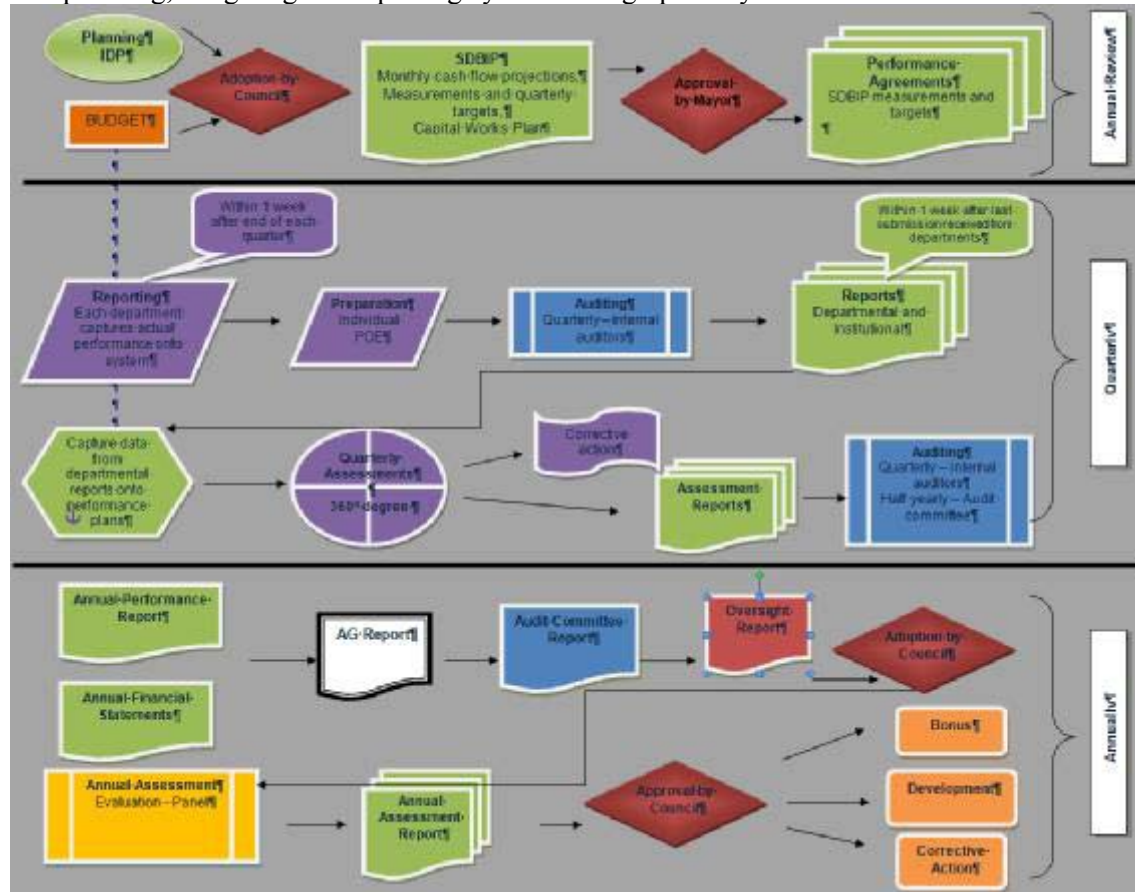


Figure 5 Planning, budgeting and reporting cycle

Monitoring is the regular observation and recording of activities taking place in a project or programme. Relevant data is gathered in an efficient and timely manner and in sufficient quantities to provide meaningful results after which it is processed to identify and categorize factors relevant to specific concerns. In monitoring, data should be analysed and the results displayed so that personnel can take appropriate actions.

Monitoring which involves a process of routinely gathering information on all aspects of the objective, programme or project has been operationalised within the Maruleng Local Municipality by making use of the SDBIP reporting to monitor quarterly progress towards targets as set out. Cascading the SDBIP further down to the departmental/sectional level will help Maruleng Local Municipality to review performance quarterly and be able to take necessary steps to improve performance where performance targets are not met.

Assessment is a process of measuring or quantifying the level of attainment or competence within a specified domain whereby scores are attached to see how well the theme, objective, programmes or projects have been achieved. On the other hand evaluation is determining of value, or the measurement of value added. The municipality needs to determine whether, or not, the programme or project adds value or is contributing to the organisation's strategy.

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the *Framework of Managing Programme Performance Information* issued by the National Treasury:

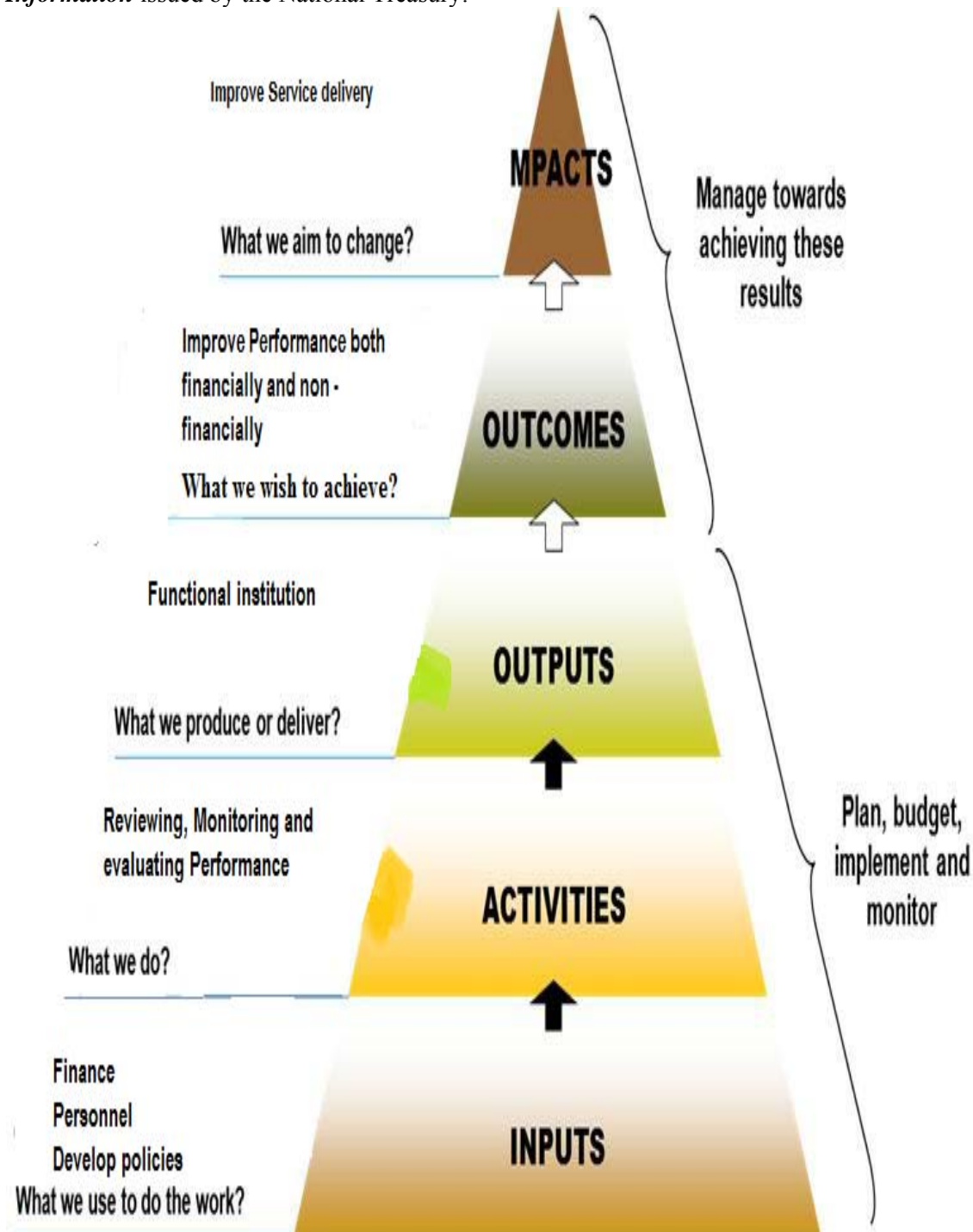


Figure 6 Definition of performance information concept

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 24: MBRR Table SA7 Measureable performance objectives

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Public works: Roads and Stormwater	Kilometer	4,0%	6,0%	30,0%	30,0%	30,0%	30,0%	30,0%	29,8%	30,0%
Function - Roads										
Sub-function- Eradication of baglogs		0,0%	4,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Reduce roads backlogs										
Sub-function - Roads maintained		6,0%	6,0%	30,0%	30,0%	30,0%	30,0%	30,0%	32,0%	33,0%
surface d roads resurfaced/ rehabilitation	Kilometer									
Sub-function - Roads for growth	Kilometer									
New roads to be constructed		5,0%	1,0%	2,0%	2,0%	2,0%	2,0%	2,0%	1,8%	2,0%
Function - Stormwater	Kilometer									
Sub-function - Reduction of backlog		21,0%	2,0%	2,0%	2,0%	2,0%	3,0%	4,0%	3,0%	3,5%
stormwater drainage to reduce backlogs										

Sub-function - Stormwater for growth										
Stormwater drainage to stimulate growth	Kilometer									
Public Works: water and sanitation		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Function - water		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Sub-function - Eradication of water backlogs		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Households provided with a water connection	Number									0,0%
new bulk water pipeline	Meter	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
New Internal water pipelines	Meter									
Function - Maintance of water infrastructure										
upgrade and replace of internal water pipeline	Meter									
upgrade and replace of internal water pipeline		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Function-Sanitation										

Sub-function- Eradication of sanitation backlogs		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<i>household provided with a sanitation connection</i>	Number									
New bulk sewer pipelines	Meter									

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

Table 25: MBRR Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0,1%	0,1%	0,0%	0,2%	0,0%	0,0%	0,0%	0,1%	0,1%	0,1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0,3%	0,4%	0,0%	0,6%	0,2%	0,2%	0,0%	0,2%	0,2%	0,2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	3,2	3,9	4,1	7,5	7,5	7,5	–	5,1	7,4	11,7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3,2	3,9	4,1	7,5	7,5	7,5	–	5,1	7,4	11,7
Liquidity Ratio	Monetary Assets/Current Liabilities	2,0	2,5	3,4	4,0	4,0	4,0	–	4,1	6,0	9,0
<u>Revenue Management</u>											

Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100,0%	86,3%	70,3%	162,3%	100,0%	100,0%	0,0%	100,0%	102,7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100,0%	86,3%	70,3%	162,3%	100,0%	100,0%	0,0%	100,0%	102,7%	100,0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	21,9%	26,2%	9,6%	30,0%	26,7%	26,7%	0,0%	11,4%	9,0%	14,4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		35,8%	8,0%	14,5%	27,8%	59,6%	59,6%	0,0%	13,4%	11,7%	7,5%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	0	0	0	0	0	0	0	0	0	0
	Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-	-	-

	% Volume (units purchased and generated less units sold)/units purchased and generated										
		-	-	-	-	-	-	-	-	-	-
Water Distribution Losses (2)	Total Volume Losses (kℓ)	-	-	-	-	-	-	-	-	-	-
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0	0	0	0	0	0	0	0
		-	-	-	-	-	-	-	-	-	-
Employee costs	Employee costs/(Total Revenue - capital revenue)	39,5%	33,6%	32,3%	36,0%	33,0%	33,0%	0,0%	35,9%	36,4%	36,8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	48,1%	42,0%	38,8%	44,2%	39,5%	39,5%		42,9%	43,2%	43,6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1,5%	1,4%	1,4%	2,1%	1,4%	1,4%		1,6%	1,6%	1,6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	28,4%	31,0%	24,0%	25,2%	19,6%	19,6%	0,0%	23,6%	23,6%	23,7%
<u>IDP regulation financial viability indicators</u>	-										

i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	11,4	8,1	16,4	8,0	8,0	8,0	–	9,8	9,8	10,4
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	132,1%	155,2%	35,2%	185,1%	123,9%	123,9%	0,0%	46,4%	36,4%	58,3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	6,1	9,1	7,1	5,6	2,5	2,5	–	8,5	8,0	9,2

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

- Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. Maruleng Municipality does not have long term borrowing.

2.3.1.2 Safety of Capital

- The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors and overdraft and tax provisions as a percentage of funds and reserves. The debt to equity ratio for the Municipality is 0%

2.3.1.3 Liquidity

- Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2. For the 2016/17 MTREF the current ratio is 5:1 and 11:7 for the two outer years of the MTREF.
- The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio is 5:1 and 11:7 in the 2016/17 financial year. This shows that the municipality will be able to funds their projects and operating expenditure without borrowings.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive data cleansing and debt management strategy needs to be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on supplier's perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.6 Other Indicators

- The Municipality does not distribute electricity to the public the function is carried out by Eskom. Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily due to the increase in vacancy rate and budget for salary disparity.
-

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2016/17 financial year 2 669 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 6 kl sanitation and as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in MBRR A10 (Basic Service Delivery Measurement

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The Municipality is not the Water Services Authority for the municipality in terms of the Water Services Act, 1997 but only acts as water services provider. Approximately 100 per cent of the Municipality's bulk water needs are provided by Department of Public Work in the form of purified water.

2.4 OVERVIEW OF BUDGET RELATED-POLICIES

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

- The Reviewed Collection Policy was applied by Council and still need to be adopted in April 2016 based on the Circular 78, the policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to

achieve a higher collection rate. Some of the revisions included the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

- The 2016/17 MTREF has been prepared on the basis of achieving an average debtors' collection rate on current billings. In addition the collection of debt in excess of 90 days has been prioritized as a relevant strategy in increasing the Municipality's cash levels. In addition,

2.4.2 Inventory and Asset Management Policy

- A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base.

2.4.3 Budget and Virement Policy

- The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

- The Supply Chain Management Policy was reviewed and still need to be adopted by Council on April 2016 based on the circular 78 . An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.5 Cash Management and Investment Policy

- The Municipality's Cash Management and Investment Policy were reviewed by Council but still need to be adopted. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and a cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.6 Tariff Policies

- The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies envisaged to be compiled for ease of administration and implementation of the next two years.

2.4.7 Indigent Policies

- In terms of the Municipality's Indigent policy, Households with a total monthly gross income of R1 500,00 or less qualifies to a subsidy on property rates and services charges for sewerage and refuse removal and will additionally receive 6 kl of water per month free of charge.

2.5. OVERVIEW OF BUDGET ASSUMPTIONS

2.5.1 External factors

- Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The wage agreement SALGBC concluded by municipal union s Municipalities must take into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2015 to 30 June 2018. The agreement provides for a wage increase based on the average CPI for the period 1 July 2017 with an increase of 7 percent

2.5.3 Credit rating outlook

Table 26: Credit rating outlook

Security class	Currency	Rating	Previous Rating
Short term	Rand	Prime -1	Prime -1
Long term	Rand	Aa3	Aa3
Outlook	Rand	Negative	Negative

The rating definitions are:

- Short term : Prime – 1
- Short-Term Debt Ratings (maturities of less than one year)
- Prime-1 (highest quality)
- Long-term : Aa3
- Defined as high-grade. "Aa" rated are judged to be of high quality and are subject to very low credit risk.

2.5.4 Interest rates for borrowing and investment of funds

- The MFMA specifies that borrowing can only be utilized to fund capital or refinancing of borrowing in certain conditions. The Municipality does not have long term loans.

2.5.5 Collection rate for revenue services

- The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.
- The rate of revenue collection is currently expressed as a percentage of annual billings. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored. The municipality is depending more on grants.

2.5.6 Growth or decline in tax base of the municipality

- Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.
- Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing "households" is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the "poor household" limits consumption to the level of free basic service.

2.5.7 Salary increases

- The South African Local Government Bargaining Council recently entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:
 - 2015/16 Financial Year – 7 per cent
 - 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
 - 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

2.5.8 Impact of national, provincial and local policies

- Integration of service delivery between national, provincial and local government is critical to ensure focused service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:
 - Creating jobs;
 - Enhancing education and skill development;
 - Improving Health services;
 - Rural development and agriculture; and
 - Fighting crime and corruption.
- To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

- It is estimated that a spending rate of at least 98 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget.

2.6 OVERVIEW OF BUDGET FUNDING

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

TABLE 27- Table A4 Budgeted Financial Performance (revenue and expenditure)

R thousand	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Revenue By Source								
Property rates	29 367	20%	31 587	22%	33 546	22%	35 525	23%
Service charges - refuse revenue	2 300	2%	2 695	2%	2 862	2%	3 031	2%
Rental of facilities and equipment	294	0%	313	0%	332	0%	352	0%
Interest earned - external investments	3 942	3%	4 485	3%	4 763	3%	5 044	3%
Interest earned - outstanding debtors	653	0%	328	0%	348	0%	369	0%
Fines	308	0%	316	0%	336	0%	355	0%
Licences and permits	2 854	2%	3 034	2%	3 223	2%	3 413	2%
Agency services	2 800	2%	2 197	2%	2 333	2%	2 470	2%
Transfers recognised - operational	104 600	70%	94 154	67%	99 804	67%	105 337	67%
Other revenue	1 285	1%	1 509	1%	1 603	1%	1 698	1%
Total Revenue (excluding capital transfers and contributions)	148 404	100%	140 618	100%	149 149	100%	157 593	100%

Table 28-The following graph is a breakdown of the operational revenue per main category for the 2014/15 financial year.

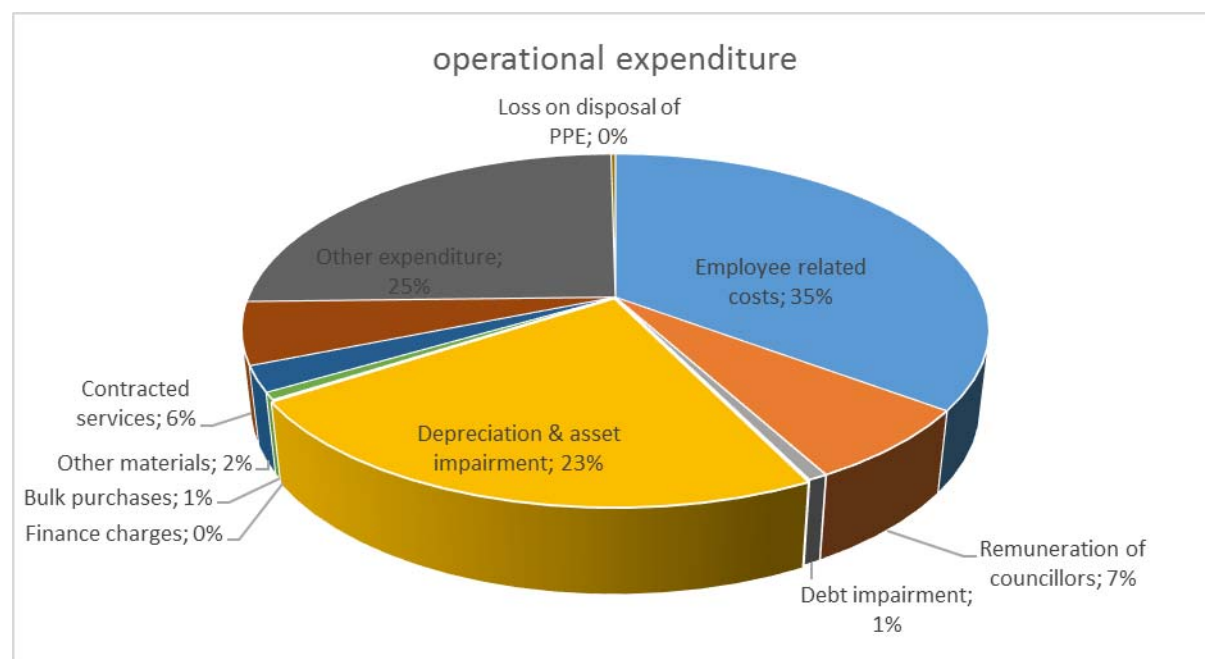


Figure 7 Breakdown of operating revenue over the 2016/17 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of annual collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA),
- And the ability to extend new services and obtain cost recovery levels. The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2016/17 MTREF on the different revenue categories are:

Table 29- Proposed tariff increases over the medium-term

Revenue category	2016/17 proposed tariff increase	2017/18 proposed tariff increase	2018/19 proposed tariff increase	2013/14 Total Budgeted revenue
	%	%	%	%
Property rates				31 587 190
Solid waste	6.6	6.2	5.9	2 694 675
Total				34 281 865

Revenue to be generated from property rates is R31.5 million in the 2016/17 financial year and increases to R35.5 million by 2018/19 which represents 21.2 per cent of the total operating revenue base of the Municipality. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

As the levying of property rates is considered strategic revenue source supplementary valuation process are conducted twice in a year, during December and June of every financial year.

Services charges relating to refuse removal constitutes the second smallest component of the revenue basket of the Municipality totaling R2.6 million for the 2016/17 financial year and increasing to R2.8 and 3 million for the two outer periods. For the 2016/17 financial year services charges amount to 1.9 per cent of the total revenue base and grows to 3 million over the medium-term.

Operational grants and subsidies amount to R94.1 million, R99.8 million and R105.3 million for each of the respective financial years of the MTREF, or 67 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government decreasing from 104 to 94 million from 2015 and 2016 over the MTREF.

The tables below provide detail investment information and investment particulars by maturity.

Table 30- MBRR – Detail Investment Information

Investment type R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Parent municipality</u>									
Deposits - Bank	25 974	42 584	51 466	42 000	42 000	42 000	52 000	55 000	61 000
Municipality sub-total	25 974	42 584	51 466	42 000	42 000	42 000	52 000	55 000	61 000

Table 31- MBRR – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Expiry date of investment	Opening balance	Interest to be realised	Closing Balance
Name of institution & investment ID	Yrs/Months								
<u>Parent municipality</u>									
Standard bank investment	Months	call deposit	no	variable	4,25	32 days	25 181	1 593	26 774
Investec investmnet	Months	call deposit	no	variable	5,4	day to day	24 003	1 223	25 226
Municipality sub-total							49 184		52 000
TOTAL INVESTMENTS AND INTEREST							49 184		52 000

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

Table 32- Sources of capital revenue over the MTREF

Vote Description R thousand			2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
National Government	37 311	45%	25 418	45%	27 377	46%	28 763	59%
Internally generated funds	45 215	55%	31 116	55%	32 785	54%	20 279	41%
Total Capital Funding	82 526	100%	56 534	100%	60 162	100%	49 042	100%

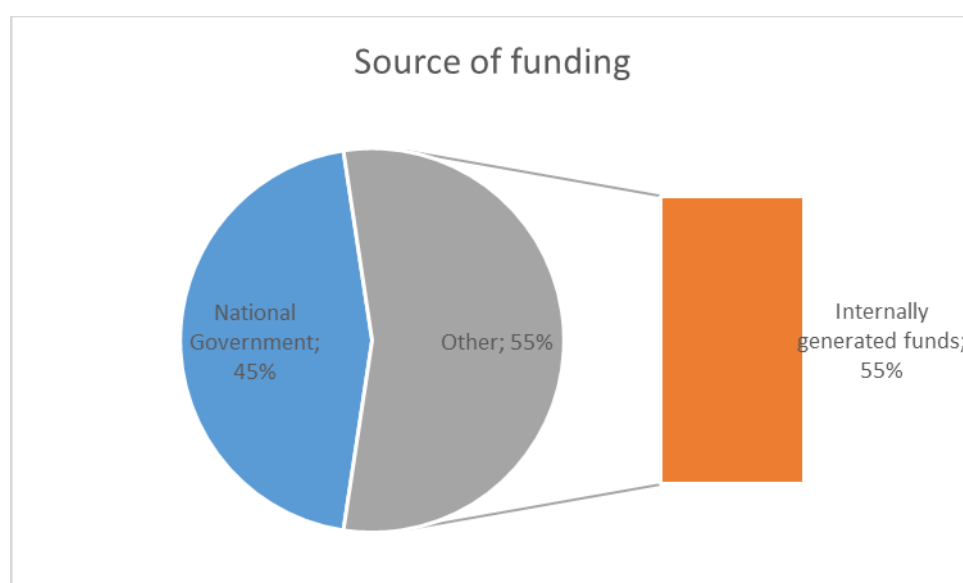


Figure 8 Sources of capital revenue for the 2016/17 financial year

Capital grants and receipts equates to 45 per cent of the total funding source which represents R25.4 million for the 2016/17 financial year and steadily increase to R28.7 million or 58.6 per cent 2015/16. Growth relating to internally generated funds receipts is 30, 23 and 14 per cent over the mf the total capital expenditure for the year ending 2019.

Table 33-MBRR Capital transfers and grant receipts

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Total Operating Transfers and Grants	64 242	68 062	77 054	104 045	104 600	104 600	94 154	99 804	105 337
Capital Transfers and Grants									
Municipal Infrastructure Grant (MIG)	27 421	27 869	25 309	25 830	30 311	30 311	25 419	27 377	28 763
TOTAL RECEIPTS OF TRANSFERS & GRANTS	91 662	95 932	102 363	129 875	134 911	134 911	119 573	127 181	134 100

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from “Ratepayers and other to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue,

Table 34- MBRR - Table A7 Budgeted Cash Flows

Description	2012/13	2013/14	2014/15					Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17		
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	11 306	12 594	22 383	30 966	29 367	29 367	31 587	34 546	35 525
Service charges	2 548	481	483	3 277	2 300	2 300	2 695	2 862	3 031
Other revenue	2 035	1 621	6 795	5 564	1 977	1 977	7 313	7 776	8 238
Government - operating	66 813	73 548	72 533	104 045	104 600	104 600	94 154	99 804	105 337
Government - capital	27 421	27 869	34 830	25 830	30 311	30 311	25 418	27 377	28 763
Interest	1 247	1 816	2 882	2 659	4 595	4 595	4 485	4 763	5 044
Payments									
Suppliers and employees	(71 152)	(71 180)	(85 403)	(112 700)	(108 380)	(108 380)	(109 014)	(116 127)	(123 531)
Finance charges	(65)	(86)	(8)	(150)	(70)	(70)	(74)	(79)	(84)
NET CASH FROM/(USED) OPERATING ACTIVITIES	40 152	46 664	54 495	59 490	64 701	64 701	56 564	60 922	62 323
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		(10 349)					-	-	-
Payments									
Capital assets	(30 464)	(22 492)	(40 146)	(56 477)	(82 326)	(82 326)	(56 534)	(60 162)	(49 042)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(30 464)	(32 841)	(40 146)	(56 477)	(82 326)	(82 326)	(56 534)	(60 162)	(49 042)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Borrowing long term/refinancing		(256)	(181)				-	-	-
Repayment of borrowing								-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	(256)	(181)	-	-	-	-	-	-

NET INCREASE/ (DECREASE) IN CASH HELD	9 689	13 566	14 168	3 014	(17 625)	(17 625)	30	760	13 281
Cash/cash equivalents at the year begin:	19 850	29 539	43 105	35 677	35 677	35 677	61 000	61 030	61 790
Cash/cash equivalents at the year end:	29 539	43 105	57 273	38 691	18 052	18 052	61 030	61 790	75 071

- The above table shows that cash and cash equivalents of the Municipality has a positive cash flow movement from 2012/13 to 2018/19 by 29 million to 75 million. With the 2015/16 adjustments budget various cost efficiencies and savings had to be realized to ensure the Municipality could meet its operational expenditure commitments.
- In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality. For the 2016/17 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed 61 Million by 2016/17.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be "funded. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 35: cash backed reserve/ accumulated surplus reconciliation

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Cash and investments available</u>									
Cash/cash equivalents at the year end	29 539	43 105	57 273	38 691	18 052	18 052	61 030	61 790	75 071
Other current investments > 90 days	(0)	(0)	0	6 869	27 508	27 508	(30)	(0)	(0)
Non current assets - Investments	–	–	–	–	–	–	–	–	–
Cash and investments available:	29 539	43 105	57 273	45 560	45 560	45 560	61 000	61 790	75 071
<u>Application of cash and investments</u>									
Unspent conditional transfers	3 742	9 227	5 036	–	–	–	3 500	–	–
Unspent borrowing	–	–	–	–	–	–	–	–	–
Statutory requirements									
Other working capital requirements	(4 482)	(12 731)	(165)	(38 855)	(22 671)	(22 671)	(7 727)	(6 316)	(16 895)
Other provisions									
Long term investments committed	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments									
Total Application of cash and investments:	(740)	(3 504)	4 871	(38 855)	(22 671)	(22 671)	(4 227)	(6 316)	(16 895)
Surplus(shortfall)	30 279	46 609	52 402	84 415	68 231	68 231	65 227	68 106	91 966

From the above table it can be seen that the cash and investments available total R65.2 million in the 2016/17 financial year and increase to R91.9 million by 2018/19, including the projected cash and cash equivalents as determined in the cash flow forecast.

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.

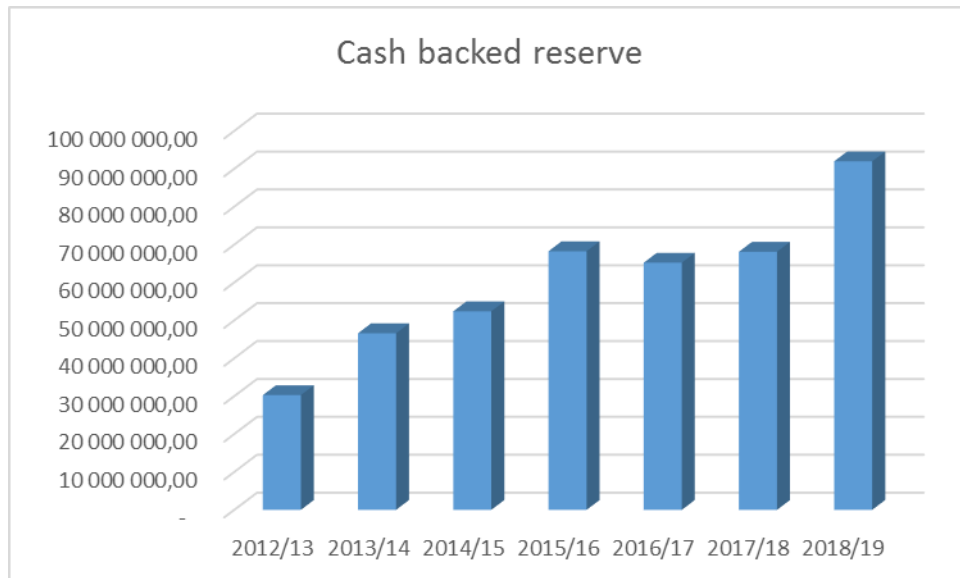
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital,
- For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level

of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective



2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 36: Funding compliance measurement

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures									
Cash/cash equivalents at the year end - R'000	29 539	43 105	57 273	38 691	18 052	18 052	61 030	61 790	75 071
Cash + investments at the year end less applications - R'000	30 279	46 609	52 402	84 415	68 231	68 231	65 227	68 106	91 966
Cash year end/monthly employee/supplier payments	6,1	9,1	7,1	5,6	2,5	2,5	8,5	8,0	9,2
Surplus/(Deficit) excluding depreciation offsets: R'000	654	10 195	11 822	29 978	37 565	37 565	22 512	23 749	24 012
Service charge rev % change - macro CPIX target exclusive	N.A.	3,4%	108,7%	(41,2%)	44,1%	(6,0%)	2,3%	0,2%	(0,1%)
Cash receipts % of Ratepayer&Other revenue	80,8%	67,5%	72,9%	125,3%	84,4%	84,4%	99,1%	101,4%	99,1%
Debt impairment expense as a % of total billable revenue	21,9%	18,7%	95,3%	17,5%	11,7%	11,7%	3,0%	3,0%	3,0%
Capital payments % of capital expenditure	87,8%	99,4%	100,1%	87,1%	99,8%	99,8%	100,0%	100,0%	100,0%
Borrowing receipts % of capital expenditure (excl. transfers)	0,0%	(4,1%)	(3,4%)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations							100,0%	100,0%	88,7%
Current consumer debtors % change - incr(decr)	N.A.	28,5%	(51,6%)	241,8%	0,0%	0,0%	(59,5%)	(16,6%)	69,5%
Long term receivables % change - incr(decr)	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	0,4%	0,5%	0,6%	0,7%	0,6%	0,6%	0,7%	0,7%	0,7%
Asset renewal % of capital budget	14,2%	7,3%	4,5%	5,4%	10,3%	10,3%	6,0%	0,0%	0,0%

2.6.5.1 Cash/cash equivalent position

- The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.
- If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2016/17 MTREF shows R61 million, R61.7 million and R75 million for each respective financial year.

2.6.5.2 Cash plus investments less application of funds

- The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 35; the reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

- The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been increasing significantly for the period 2015/16 to 2018/19, moving from 8.5 to 9.2 as indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards nine months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

- The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An adjusted surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2016/17 MTREF the indicative outcome is a surplus of R22 million and R23 million and R24 million for the two outer years. Which is affected by non cash items It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

- The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in revenue, which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.
- The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 0.2 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage degrees to 0.1 for the two respective years

2.6.5.6 Cash receipts as a percentage of ratepayers and other revenue

- This factor is a macro measure of the rate at which funds are collected. This measure is intended to analyze the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 99.1 percent , In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly?

2.6.5.7 Debt impairment expense as a percentage of billable revenue

- This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 3, 3 and 3 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is not well within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

- The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

- The purpose of this measurement is to determine the proportion of a municipality's „own-funded capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0 per cent of own funded capital. The municipality does not borrow money from external stakeholders

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

- The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

- The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 day

2.6.5.12 Repairs and maintenance expenditure level

- This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in MBRR SA34C

2.6.5.13 Asset renewal/rehabilitation expenditure level

- This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level
- of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for „repairs and maintenance budgets.

2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

Table 37- MBRR Table SA19 Expenditure on transfers and grant programme

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
EXPENDITURE:									
<u>Operating expenditure of Transfers and Grants</u>									
National Government:	64 159	68 042	77 054	104 045	104 600	104 600	94 154	99 804	105 337
Local Government Equitable Share	53 513	60 742	71 904	92 441	92 441	92 441	91 329	97 904	103 437
Finance Management	1 585	1 671	1 800	1 800	1 800	1 800	1 825	1 900	1 900
Municipal Systems Improvement	1 071	664	934	930	930	930			
Integrated National Electrification Programme	1 895	3 105		7 000	7 000	7 000			
EPWP Incentive	1 366	1 323	1 316	1 038	1 038	1 038	1 000		
					-	-			
Other transfers/grants [insert description]	4 728	536	1 100	836	1 391	1 391			
District Municipality:	83	21	-	-	-	-	-	-	-
<i>mopani</i>	83	21							
Total operating expenditure of Transfers and Grants:	64 242	68 062	77 054	104 045	104 600	104 600	94 154	99 804	105 337
<u>Capital expenditure of Transfers and Grants</u>									
National Government:	27 421	27 869	25 309	25 830	30 311	30 311	25 419	27 377	28 763
Municipal Infrastructure Grant (MIG)	27 421	27 869	25 309	25 830	30 311	30 311	25 419	27 377	28 763
Total capital expenditure of Transfers and Grants	27 421	27 869	25 309	25 830	30 311	30 311	25 419	27 377	28 763
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	91 662	95 932	102 363	129 875	134 911	134 911	119 573	127 181	134 100

Table 38- MBRR SA20 - Reconciliation of transfers, grant receipts and unspent funds

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Operating transfers and grants:</u>									
National Government: Balance unspent at beginning of the year	1 067	3 721			555	555			
Current year receipts	63 071	64 320	76 724	95 171	104 045	104 045	94 154	99 804	105 337
Conditions met - transferred to revenue	64 138	68 042	76 724	95 171	104 600	104 600	94 154	99 804	105 337
District Municipality: Balance unspent at beginning of the year	104	21							
Current year receipts									
Conditions met - transferred to revenue	104	21	-	-	-	-	-	-	-
Total operating transfers and grants revenue	64 242	68 062	76 724	95 171	104 600	104 600	94 154	99 804	105 337
Total operating transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
<u>Capital transfers and grants:</u>									
National Government: Balance unspent at beginning of the year	(3 060)	(307)			4 481	4 481			
Current year receipts	30 945	16 725	34 830	64 862	32 830	32 830	25 418	27 377	28 763
Conditions met - transferred to revenue	27 885	16 418	34 830	64 862	37 311	37 311	25 418	27 377	28 763
Total capital transfers and grants revenue	27 885	16 418	34 830	64 862	37 311	37 311	25 418	27 377	28 763
TOTAL TRANSFERS AND GRANTS REVENUE	92 127	84 481	111 554	160 033	141 911	141 911	119 572	127 181	134 100
TOTAL TRANSFERS AND GRANTS - CTBM	-	-	-	-	-	-	-	-	-

2.8. COUNCILLOR AND EMPLOYEE BENEFITS

Table 39- MBRR SA22 - Summary councilor and staff benefit

Summary of Employee and Councillor remuneration	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	A	B	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages	4 530	4 551	4 270	6 562	5 800	5 800	5 885	6 148	6 517
Pension and UIF Contributions	797	814	894	1 672	1 025	1 025	1 002	1 086	1 152
Medical Aid Contributions	29	53	79	79	120	120	130	127	135
Motor Vehicle Allowance	1 632	1 714	1 915	1 916	1 977	1 977	2 127	2 096	2 222
Cellphone Allowance	372	533	597	586	550	550	608	583	618
Housing Allowances									
Other benefits and allowances			50	51	70	70	81	74	79
Sub Total - Councillors	7 359	7 665	7 805	10 866	9 542	9 542	9 832	10 115	10 722
% increase		4,2%	1,8%	39,2%	(12,2%)	-	3,0%	2,9%	6,0%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	1 970	1 792	2 770	3 046	3 046	3 046	3 675	3 895	4 129
Pension and UIF Contributions	555	489	578	1 307	1 307	1 307	1 021	1 082	1 147
Medical Aid Contributions	46	110	123	154	154	154	163	173	183
Performance Bonus	179	276	84	893	893	893	995	1 055	1 118
Motor Vehicle Allowance	810	790	1 012	1 326	1 326	1 326	1 599	1 695	1 797
Cellphone Allowance	48	43	68	75	75	75	69	73	77
Other benefits and allowances	39	26	38	60	60	60	37	40	42
Payments in lieu of leave	445								
Sub Total - Senior Managers of Municipality	4 093	3 527	4 675	6 862	6 862	6 862	7 559	8 013	8 493
% increase		(13,8%)	32,6%	46,8%	-	-	10,2%	6,0%	6,0%
<u>Other Municipal Staff</u>									
Basic Salaries and Wages	18 668	19 244	22 095	26 846	26 961	26 961	27 619	29 652	31 733
Pension and UIF Contributions	3 783	4 156	5 446	4 836	5 204	5 204	5 415	5 817	6 228
Medical Aid Contributions	1 028	141	1 597	1 328	1 540	1 540	1 838	1 972	2 109
Overtime	781	437	570	880	2 009	2 009	2 283	2 447	2 616
Performance Bonus	1 485	1 631	1 945	2 210	2 468	2 468	1 959	2 112	2 268
Motor Vehicle Allowance	294	315	1 160	2 780	2 542	2 542	2 511	2 711	2 913
Cellphone Allowance	425	806	383	450	450	450	487	522	559
Housing Allowances	57	63	67	68	149	149	184	197	211
Other benefits and allowances			640	867	418	418	486	521	557

Payments in lieu of leave	214	331	300	255	300	300	56	60	64
Long service awards	957	53	21	99	117	117	94	276	295
Post-retirement benefit obligations	1 758				–	–			
Sub Total - Other Municipal Staff	29 451	27 178	34 224	40 618	42 158	42 158	42 930	46 287	49 553
% increase		(7,7%)	25,9%	18,7%	3,8%	–	1,8%	7,8%	7,1%
Total Parent Municipality	40 902	38 369	46 704	58 346	58 562	58 562	60 321	64 415	68 768
TOTAL SALARY, ALLOWANCES & BENEFITS	40 902	38 369	46 704	58 346	58 562	58 562	60 321	64 415	68 768
% increase		(6,2%)	21,7%	24,9%	0,4%	–	3,0%	6,8%	6,8%
TOTAL MANAGERS AND STAFF	33 544	30 705	38 899	47 479	49 019	49 019	50 489	54 300	58 046

Table 40 MBRR SA23 - Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Rand per annum						
<u>Councillors</u>						
Speaker	411 715	183 681	79 114			674 509
Chief Whip	385 983	173 590	74 169			633 742
Executive Mayor	438 874	224 045	174 661			837 580
Deputy Executive Mayor						-
Executive Committee	1 542 850	550 282	148 395			2 241 528
Total for all other councillors	3 105 387	1 683 065	656 080			5 444 531
Total Councillors	5 884 809	2 814 663	1 132 419			9 831 891
<u>Senior Managers of the Municipality</u>						
Municipal Manager (MM)	746 843	296 700	320 319	185 337		1 549 199
Chief Finance Officer	869 604	17 485	177 821	145 113		1 210 024
Corporate Director	436 186	194 925	411 642	144 751		1 187 505
SPED Director	454 049	268 062	331 901	144 751		1 198 763
Technical Directors	683 916	244 987	139 301	146 094		1 214 299
Community service Director	484 111	283 541	286 961	144 751		1 199 364
Total Senior Managers of the Municipality	3 674 710	1 305 700	1 667 946	910 798		7 559 154
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	9 559 519	4 120 364	2 800 364	910 798		17 391 045

Table 41-MBRR - SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	2014/15			Current Year 2015/16			Budget Year 2016/17		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Municipal employees Municipal Manager and Senior Managers	6	–	6	6	–	6	6	–	6
Other Managers	2	2	–	19	19	–	3	3	–
Professionals	192	181	11	168	157	11	185	174	11
Finance	22	19	3	18	15	3	23	20	3
Spatial/town planning	13	12	1	9	8	1	11	10	1
Information Technology	3	2	1	3	2	1	3	2	1
Roads	10	10	–	10	10	–	10	10	–
Electricity	2	2	–	3	3	–	3	3	–
Water	17	17	–	17	17	–	17	17	–
Sanitation	–	–	–	–	–	–	–	–	–
Refuse	8	8	–	8	8	–	8	8	–
Other	117	111	6	100	94	6	110	104	6
TOTAL PERSONNEL NUMBERS	200	183	17	193	176	17	194	177	17
% increase				(3,5%)	(3,8%)	–	0,5%	0,6%	–

2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

See attached copy of the Annual Budget for the following tables

- TABLE 42:MBRR SA25 - Budgeted monthly revenue and expenditure – see attached copy of the Annual Budget
- TABLE 43: MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)
- TABLE 44: MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)
- TABLE 45:MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)
- TABLE 46: MBRR SA29 - Budgeted monthly capital expenditure (standard classification)
- TABLE 47: MBRR SA30 - Budgeted monthly cash flow

2.10 ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS

2.10.1 Water Services Department

Maruleng Municipality is not a water service authority

2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 CAPITAL EXPENDITURE DETAILS

See attached copy of the Annual Budget for the following tables

- TABLE 48:MBRR SA 34a – Capital expenditure on new assets by assets class
- TABLE 49:MBRR SA 34b – Capital Expenditure on the renewal of existing assets by assets class
- TABLE 50:MBRR SA 34c – Repairs and maintenance expenditure by assets class
- TABLE 51: MBRR SA34d- Depreciation by assets classification
- TABLE 52:MBRR SA 35 – Future financial implications of the capital budget
- TABLE 53 :MBRR SA 36 – Detailed capital budget per municipal vote
- TABLE 54: MBRR SA 37– Projects delayed from previous financial year

2.13 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. in year reporting

- Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

- The Municipality is participating in the Municipal Financial Management Internship programme and has employed 5 interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

- The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

- A district shared Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

- The detail SDBIP document is at a draft stage and will be finalized after approval of the 2016/17 MTREF in April 2016 directly aligned and informed by the 2016/17 MTREF.

6. Annual Report

- Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

- The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

8. Policies

- An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.14 OTHER SUPPORTING DOCUMENTS

See attached copy of the Annual Budget for the following supporting tables

- TABLE 55: MBRR SA 1 – Supporting detail to budgeted financial performance
- TABLE 56: MBRR SA 2 – Matrix financial Performance budget (revenue source/expenditure type and department)
- TABLE 57: MBRR SA 3 – Supporting detail to statement of financial position
- TABLE 58: MBRR SA 9 – Social, economic and demographic statistics and assumptions
- TABLE 59: MBRR SA 32 – List of external mechanisms

2.15 Municipal manager's quality certificate

I, municipal manager of Maruleng Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____
Municipal manager Maruleng Municipality

Signature _____

Date _____

